



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF REVENUE

State of Rhode Island Monthly Revenue Brief
FY 2009 Cash Collections through September 2008

Beginning in September 2008, the State of Rhode Island Monthly Revenue Brief will be prepared and distributed by the Rhode Island Department of Revenue (RI DOR). The revenue brief will adhere to the style and format of the monthly revenue brief previously issued by the State of Rhode Island Budget Office to the greatest extent possible. Thus, the RI DOR monthly revenue brief will be a comprehensive assessment of fiscal year-to-date revenue collections on all revenue sources estimated by the principals of the Revenue Estimating Conference (see RI General Law § 35-16-1).

Users of the report should be cautious when comparing year-to-date growth rates to the growth estimate for Other Miscellaneous Revenues and Unclaimed Property as the receipt of these revenues occurs at discrete points in time over the course of a fiscal year. Further complicating matters is the fact that the discrete pattern of receipts varies so that payments received do not necessarily occur at the same point in time in each fiscal year.

Total General Revenues

Annual Growth Rates	<u>Preliminary Growth Estimate</u>	<u>Actual YTD Growth</u>	<u>Base YTD Growth</u>
	-2.4 %	-17.1 %	-2.1 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u>	<u>Actual YTD Cash</u>	
	\$3.347 Billion	\$731.0 Million	

Fiscal Year 2009 total general revenues collected through September 2008 have decreased by 17.1 percent as compared to Fiscal Year 2008 total general revenues collected through September of last year. For the fiscal year-to-date period through September 2008, total general revenues were \$731.0 million as compared to \$882.0 million for the same period last year, a decrease of \$151.0 million. It is necessary to make adjustments to the cash collections for these two fiscal years in order to determine the base year-over-year fiscal year-to-date growth in collections.

In FY 2008 through September, a net total of -\$201.8 million of adjustments must be made. These adjustments include an increase of \$1.8 million to motor vehicle licenses and fees to account for the late posting of interstate trucking payments that are made to the forty-nine other states and Canada; a decrease of \$66.8 million in departmental Licenses and Fees for the payment of the Hospital Licensing Fee in July 2007 for FY 2006; a decrease of \$12.9 million in

departmental Sales and Services due to the one-time shifting in the receipt of the disproportionate share payment from Eleanor Slater hospital; and a decrease of \$124.0 million in Other Miscellaneous Revenues for the one-time receipt of residual Tobacco Settlement bond proceeds.

In FY 2009 through September, a net total of –\$64.9 million of adjustments must be made. These adjustments include an increase in Personal Income tax collections of \$1.7 million and an increase in Financial Institutions taxes of \$3.0 million for Historic Structure Tax Credits that were redeemed but will be reimbursed from the Historic Structures Tax Credit Fund upon the issuance of the bonds that were approved by the General Assembly for this purpose; an increase of \$1.6 million to motor vehicle licenses and fees to account for the late posting of interstate trucking payments that are made to the forty-nine other states and Canada; a decrease of \$70.3 million in departmental Licenses and Fees for the payment of the Hospital Licensing Fee in July 2008 for FY 2007; and a decrease of \$987,863 in departmental Miscellaneous revenues for the late posting of fourth quarter FY 2008 child support enforcement collections by the Department of Human Services.

The necessary adjustments that need to be made are displayed in the table below:

Revenue Source	Adjustment	Year-to-Date FY 2008	Year-to-Date FY 2009
Personal Income	Add-back Historic Tax Credits taken	\$0	\$1,734,661
Financial Institutions	Add back Historic Tax Credits taken	\$0	\$2,987,384
Motor Vehicle	Interstate trucking payments made	\$1,825,675	\$1,661,969
Licenses & Fees	Hospital Licensing Fee	\$(66,759,130)	\$(70,341,787)
Sales & Services	Disproportionate Share payment	\$(12,873,235)	\$0
Misc. Departmental	Child Support Enforcement collections	\$0	\$(987,863)
Other Misc. Revs.	Residual Tobacco Settlement proceeds	\$(124,000,000)	\$0
Total		\$(201,806,690)	\$(64,945,636)

Accounting for these revenue adjustments yields a base rate of growth for the fiscal year-to-date period through September 2008 of –2.1 percent. It should be noted that the base year-to-date growth rate is not necessarily indicative of projected annual growth. The FY 2009 growth estimate is a decrease of 2.4 percent in total enacted FY 2009 general revenues over preliminary FY 2008 collections.

Taxes and Departmental Receipts

Annual Growth Rates	<u>Preliminary Growth Estimate</u> 2.7 %	<u>Actual YTD Growth</u> -4.0 %	<u>Base YTD Growth</u> -2.5 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$2.948 Billion	<u>Actual YTD Cash</u> \$666.7 Million	

The Rhode Island Department of Revenue reports that FY 2009 taxes and departmental receipts collected through September 2008 have decreased by 4.0 percent as compared to FY 2008 collections for the comparable period a year ago. For the fiscal year-to-date period ending September 2008, total taxes and departmental receipts were \$666.7 million as compared to \$694.7 million for the same period last fiscal year, a decrease of \$28.0 million.

The motor vehicle licenses and fees' late interstate trucking payments, Hospital Licensing Fee, and the disproportionate share payment, result in a \$(77.8) million adjustment in FY 2008 for comparability between fiscal years. The Personal Income and Financial Institutions Historic Structures Tax Credits, the motor vehicle licenses and fees' late interstate trucking payments, the Hospital Licensing Fee and the child support enforcement late posting result in a \$(64.9) million adjustment in FY 2009 for comparability between fiscal years. These modifications yield a FY 2009 base growth rate in taxes and departmental receipts of -2.5 percent. The FY 2009 preliminary growth estimate projects an increase of 2.7 percent in enacted total taxes and departmental receipts over preliminary FY 2008 collections.

Other General Revenue Sources

Annual Growth Rates	<u>Preliminary Growth Estimate</u> -28.4 %	<u>Actual YTD Growth</u> -65.7 %	<u>Base YTD Growth</u> 1.6 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$398.7 Million	<u>Actual YTD Cash</u> \$64.3 Million	

FY 2009 other general revenue sources collected through the first quarter of the fiscal year have decreased by 65.7 percent as compared to collections through the first quarter of fiscal year 2008. Other general revenue sources include the Gas Tax Transfer to the general fund, Other Miscellaneous Revenues, the Lottery Transfer to the general fund, and Unclaimed Property that is transferred to the State in June of each fiscal year. The FY 2009 preliminary growth estimate for other general revenue sources projects a decrease of 28.4 percent in enacted other general revenue sources over preliminary FY 2008 collections. For the fiscal year-to-date period ending September 2008, total other general revenue sources were \$64.3 million as compared to \$187.2 million for the same period last year, a decrease of \$123.0 million. Of the \$123.0 million decrease, \$124.0 million represents the net proceeds from the sale of residual Tobacco Settlement bonds that were posted to the General Fund as an Other Miscellaneous Revenue and \$2.5 million represents the increase in the Lottery Transfer to the general fund for the first quarter of FY 2009 versus the first quarter of FY 2008.

Total Taxes

Annual Growth Rates	<u>Preliminary Growth Estimate</u> 3.2 %	<u>Actual YTD Growth</u> -2.3 %	<u>Base YTD Growth</u> -1.5 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$2.600 Billion	<u>Actual YTD Cash</u> \$557.9 Million	

Total tax revenues for the fiscal year-to-date period through September 2008 were \$557.9 million, or 2.3 percent less than the \$571.2 million in total taxes collected in FY 2008 through September 2007. The FY 2009 preliminary growth estimate for tax collections is 3.2 percent for enacted FY 2009 tax collections over preliminary FY 2008 tax collections. In FY 2008, motor vehicle license and fee revenues were underreported by \$1.8 million due to the late payment of FY 2007 interstate trucking fees. In FY 2009, motor vehicle license and fee revenues were underreported by \$1.6 million due to the late payment of FY 2008 interstate trucking fees. In addition, \$4.7 million of Historic Structures Tax Credits were redeemed against personal income and financial institutions taxes in FY 2009. These modifications yield a base growth rate of -1.5 percent in total taxes for FY 2009.

Personal Income Taxes

Annual Growth Rates	<u>Preliminary Growth Estimate</u> 4.7 %	<u>Actual YTD Growth</u> -4.2 %	<u>Base YTD Growth</u> -3.6 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$1.124 Billion	<u>Actual YTD Cash</u> \$245.3 Million	

Actual personal income tax collections for FY 2009 through for the first quarter of the fiscal year were down \$10.9 million, or -4.2 percent, compared to the same period last fiscal year. The FY 2009 year-to-date growth rate lags behind the enacted FY 2009 over preliminary FY 2008 growth rate of 4.7 percent in personal income tax collections. Total personal income tax collections for FY 2009 through September 2008 were \$245.3 million vs. FY 2008 collections of \$256.1 million through September 2007, a decrease of \$10.9 million year-over-year.

Due to an estimating convention adopted by the principals at the May 2008 Revenue Estimating Conference, the year-to-date cash collections in Personal Income taxes need to be adjusted upward by the amount of historic tax credits that have been redeemed so that comparisons can be made to the preliminary estimate. It is important to note that any historic structures tax credits that are redeemed in FY 2009 will be reimbursed from the Historic Tax Credit Trust Fund's bond proceeds upon issuance. Adding back the \$1.7 million of redeemed historic structures tax credits to FY 2009 year-to-date cash collections yields a base fiscal year-to-date growth rate of -3.6 percent.

The table below is provided by the Division of Taxation, and breaks down personal income tax collections by component for FY 2008 and FY 2009 through September. It should be noted that

slight differences may exist between the figures reported by the Division of Taxation and those reported by the Controller due to timing differences in the posting of revenues.

Component	FY 2008	FY 2009	Percent Difference	Preliminary Growth Estimate
Estimated Payments	\$54,886,638	\$49,530,669	-9.8 %	1.0 %
Final Payments*	\$8,431,275	\$9,655,906	14.5%	27.9 %
Withholding	\$204,479,938	\$207,712,959	1.6 %	1.5 %
Refunds/Adjustments	\$(11,656,600)	\$(19,901,686)	70.7 %	5.9 %
* \$1.7 million of redeemed Historic Structures Tax Credits have been added to actual cash collections in order to allow for comparison to the Preliminary Growth Estimate				

FY 2009 year-to-date income tax refunds paid were greater by \$8.2 million or 70.7 percent, compared to the same period in FY 2008. The 70.7 percent actual growth in cash income tax refunds paid between FY 2009 and FY 2008 exceeds the preliminary growth rate for income tax refunds paid of 5.9 percent. In spite of the acceleration in income tax refunds paid, on average over the last five fiscal years only 6.3 percent of total income tax refunds are paid in the first quarter of the fiscal year.

Income tax withholding payments have increased by \$3.2 million, or 1.6 percent, through the first quarter of FY 2009 when compared to the same period in FY 2008. The 1.6 percent actual growth in cash withholding payments between FY 2009 and FY 2008 is slightly above the preliminary growth estimate for income tax withholding payments of 1.5 percent. On average, over the past five fiscal years, 22.7 percent of income tax withholding payments are collected in the first quarter of the fiscal year.

Fiscal year-to-date FY 2009 final income tax payments received have increased over the prior year once the \$1.7 million of historic structures tax credits are incorporated (for simplicity, it is assumed that all historic structures tax credits are taken against final payments). Fiscal year-to-date final income tax payments were up \$1.2 million, or 14.5 percent, through September of FY 2009 as compared to final payments for the first quarter of FY 2008. The 14.5 percent actual growth in cash final income tax payments received between FY 2009 and FY 2008 is lower than the preliminary growth rate for final income tax payments received of 27.9 percent. Despite this sizeable difference in growth rates, the decrease in final income tax payments received is minor and of little consequence given that, on average, over the last five fiscal years only 5.3 percent of total final income tax payments are received in the first quarter of the fiscal year.

Finally, with respect to estimated income tax payments, year-to-date FY 2009 collections were down \$5.4 million from FY 2008 collections at this time last year. This decrease translates into a fiscal year-to-date growth rate of -9.8 percent. The -9.8 percent actual growth in cash estimated income tax payments received between FY 2008 and FY 2009 is lower than the enacted growth rate for estimated income tax payments received of 1.0 percent. On average, over the last five

fiscal years 23.4 percent of total estimated income tax payments are made by the end of September.

Sales and Use Taxes

Annual Growth Rates	<u>Preliminary Growth Estimate</u> 2.1 %	<u>Actual YTD Growth</u> −2.0 %	<u>Base YTD Growth</u> −2.0 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$863.1 Million	<u>Actual YTD Cash</u> \$229.6 Million	

Sales and use tax collections in FY 2009 were down \$4.7 million, or −2.0 percent, relative to last fiscal year at this time. As always, the monthly sales tax receipts reported here reflect the prior month's retail sales activity. For both FY 2008 and FY 2009, the state's sales tax rate is 7.0 percent. The −2.0 percent growth in sales and use tax revenues for fiscal year-to-date 2009 is lower than the enacted FY 2009 over the FY 2008 sales and use tax preliminary collections growth estimate of 2.1 percent.

The Division of Taxation provides the following component breakdown for sales and use tax collections through September:

Component	FY 2008	FY 2009	Nominal Difference	Percent Difference
Net Taxation	\$206,436,390	\$204,501,788	\$(1,934,602)	−0.9 %
Registry	\$25,470,997	\$20,779,963	\$(4,691,034)	−18.4 %
PPM	\$3,322,396	\$3,276,323	\$(46,073)	−1.4 %

Within the sales tax components, registry receipts were down 18.4 percent in the first quarter of FY 2009 when compared to same period last fiscal year. Net sales tax receipts remitted directly to the Division of Taxation posted a decrease of 0.9 percent during FY 2009's first quarter versus the first quarter of FY 2008. Providence Place Mall (PPM) sales tax receipts were down 1.4 percent through September of FY 2009 versus the same period in FY 2008.

General Business Taxes

Annual Growth Rates	<u>Preliminary Growth Estimate</u> 3.5 %	<u>Actual YTD Growth</u> 7.8 %	<u>Base YTD Growth</u> 18.1 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$389.1 Million	<u>Actual YTD Cash</u> \$31.3 Million	

In general, it is not possible at this time to begin to discern patterns in this year's general business tax collections. Most general business taxes are paid in March and June of the fiscal year, with 40.0 percent of total tax liability due in March and 60.0 percent of total tax liability

due in June. Both business corporations taxes and health care provider assessments, however, flow more evenly into the general fund over the course of a fiscal year.

Total general business taxes collected in the fiscal year-to-date September 2008 period were \$31.3 million or \$2.2 million more than the \$29.1 million collected for the same period in FY 2008. Year-to-date growth in FY 2009 is 7.8 percent. The enacted FY 2009 growth over preliminary FY 2008 total general business taxes is 3.5 percent.

Due to an estimating convention adopted by the principals at the May 2008 Revenue Estimating Conference, the year-to-date cash collections in general business taxes need to be adjusted upward by the amount of historic tax credits that have been redeemed so that comparisons can be made to the preliminary estimate. Adding back the \$3.0 million of redeemed historic structures tax credits to FY 2009 year-to-date cash collections for financial institutions yields a base fiscal year-to-date growth rate of 18.1 percent.

FY 2009 year-to-date business corporations taxes were up \$1.8 million, or 12.6 percent, from last fiscal year at this time. This growth rate exceeds the business corporations tax preliminary growth estimate of 6.3 percent. In August 2007 a large business corporations tax refund was paid to a corporate taxpayer. On average, over the past five years, 13.3 percent business corporate tax payments are made through the first quarter of the fiscal year.

The Division of Taxation reports the components of the business corporations tax through September as follows:

Component	FY 2008	FY 2009	Nominal Difference	Percent Difference
Estimated Payments	\$10,004,514	\$11,845,890	\$1,841,376	18.4 %
Final Payments	\$11,731,823	\$9,587,189	\$(2,144,634)	-18.3 %
Refunds/Adjustments	\$(7,685,314)	\$(5,610,853)	\$2,074,461	-27.0 %

Health care provider assessment taxes through September 2008 were \$12.0 million, a decrease of 11.3 percent over the same period in FY 2008. In August 2007, a payment of \$2.0 million was posted for delinquent returns for four taxpayers. On average, over the past five years, 22.7 percent of health care provider assessment tax payments are made by the end of September.

Bank deposit taxes tend to post irregularly until March, when the first 40.0 percent of estimated total tax liability is due. Bank deposit taxes of \$500 were received through the first quarter of FY 2009 as compared to \$2,022 collected through the first quarter of FY 2008. On average, over the past five fiscal years, only 1.7 percent of bank deposit tax payments are collected in the first three months of the fiscal year.

The insurance companies gross premiums tax is down 372.3 percent year-to-date. Insurance companies gross premiums tax collections through September 2008 total \$(1,607,693). In

September 2008, an insurance companies gross premiums taxpayer received a substantial refund. In general, insurance companies gross premiums taxes tend to post irregularly until March, when the first 40.0 percent of total tax liability is due. On average, over the past five fiscal years, only 0.1 percent of insurance companies gross premiums tax payments are collected in the first quarter of the fiscal year.

The financial institutions tax is up slightly on a fiscal year-to-date cash basis in FY 2009 vs. FY 2008. These cash collections ignore, however, the fact that a financial institutions taxpayer redeemed a historic structures tax credit for \$3.0 million in September 2008. The general fund will be reimbursed for the redemption of this tax credit from the Historic Structures Tax Credit Fund bond proceeds later in the fiscal year.

Finally, public utilities gross earnings taxes were \$5.0 million through September 2008, an increase of 510.6 percent from collections of \$822,303 through September 2007. This increase is attributable to the \$3.3 million "Safe Harbor" payment made in September 2008. This pattern has begun to develop over the past five years or so as a taxpayer makes an additional estimated payment to ensure that estimated payments for the tax year total the prior tax year's liability. These additional estimated payments have occurred in August of 2006 and September of 2005 although no such additional estimated payment was made in tax year 2007.

Excise Taxes Other Than the Sales and Use Tax

Annual Growth Rates	<u>Preliminary Growth Estimate</u> -1.7 %	<u>Actual YTD Growth</u> 2.0 %	<u>Base YTD Growth</u> 1.5 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$172.5 Million	<u>Actual YTD Cash</u> \$41.5 Million	

Excise taxes other than sales and use taxes collected in the fiscal year-to-date September 2008 period totaled \$41.5 million or \$816,728 more than the \$40.7 million collected for the same period in FY 2008. In FY 2009, June 2008 interstate trucking payments were made in July 2008 causing an understatement of \$1.6 million. In FY 2009 motor vehicle license and fee revenues were understated for the fifth straight year. In FY 2008, an understatement of \$1.8 million occurred in July 2007 due to the late payment for June 2007.

Rhode Island cigarette tax receipts are comprised of excise taxes collected on the sale of cigarettes, smokeless tobacco (which also includes cigars and pipe tobacco), and a one-time cigarette floor stock tax. The cigarette floor stock tax is imposed only when there is an increase in the excise tax on cigarettes. In FY 2008 and FY 2009 no increase in the cigarette excise tax was passed into law and, as a result, no cigarette floor stock tax revenues were collected in FY 2008 and none are expected for the current fiscal year. Total cigarette tax receipts for the first quarter of FY 2009 were up 3.9 percent compared to the same period a year ago.

Finally, the change in cigarette consumption is determined. First, the value of the cigarette floor stock tax and smokeless tobacco products tax is netted out of the data. The result is an increase

in Rhode Island cigarette consumption of 3.9 percent for the first quarter of FY 2009 versus the first quarter of FY 2008. It is believed that this increase may be due to the fact that Massachusetts increased its cigarette excise tax to \$2.51 per pack of 20 cigarettes on July 1, 2008. This rate is higher than Rhode Island's \$2.46 excise tax per pack of 20 cigarettes. In addition, Massachusetts' minimum mark-up provision for the wholesale and retail sale of cigarettes is greater than Rhode Island's. The end result of this tax rate change and the difference in the minimum mark-up provisions is, according to the House Fiscal Advisory Staff, an estimated final price for a pack of brand cigarettes in Massachusetts of \$7.09 vs. \$6.10 in Rhode Island.

Other Taxes

Annual Growth Rates	<u>Preliminary Growth Estimate</u> 6.5 %	<u>Actual YTD Growth</u> -7.3 %	<u>Base YTD Growth</u> -7.3 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$51.5 Million	<u>Actual YTD Cash</u> \$10.3 Million	

Total other taxes collected through September of FY 2009 totaled \$10.3 million versus \$11.1 million in other taxes collected during the same period last fiscal year, a decrease of \$811,235, or -7.3 percent. The FY 2009 other taxes growth estimate is 6.5 percent over preliminary FY 2008 total other taxes. Inheritance tax collections totaled \$7.1 million through September of FY 2009, a decrease of 2.2 percent from the \$7.2 million collected through the first quarter of FY 2008. Given the fact that inheritance tax collections are volatile, it is not possible to make any valid comments about this revenue source. Racing and athletics tax collections through September of FY 2009 were down 9.0 percent relative to the same period in FY 2008. The preliminary growth estimate for racing and athletics tax collections is -7.6 percent. On average, over the past five fiscal years, 26.4 percent of racing and athletics tax collections were collected in the first quarter of the fiscal year. Realty transfer taxes were down by 18.8 percent through September of FY 2009 versus September of FY 2008. This decrease in realty transfer taxes collected is substantial in comparison to the enacted realty transfer tax growth estimate of 6.6 percent over preliminary FY 2008 collections especially because, on average, over the past five fiscal years, 29.0 percent of realty transfer taxes were collected in the first quarter of the fiscal year.

Total Departmental Receipts

Annual Growth Rates	<u>Preliminary Growth Estimate</u> -1.3 %	<u>Actual YTD Growth</u> -11.1 %	<u>Base YTD Growth</u> -14.6 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$347.6 Million	<u>Actual YTD Cash</u> \$108.8 Million	

FY 2009 year-to-date departmental receipts total \$108.8 million, a decrease of \$14.7 million from the amount that was collected last fiscal year at this time. Actual departmental receipts for FY 2009 were down 11.1 percent when compared to receipts collected during the same period a year ago. The enacted FY 2009 growth estimate is -1.3 percent over preliminary FY 2008

departmental receipt collections. It is important to note that, in the licenses and fees category of departmental receipts, the Hospital Licensing Fee for FY 2008 was not due until July 2008 and the cash payment received in FY 2009 was accrued back to FY 2008.

FY 2009 year-to-date growth in the licenses and fees category of departmental receipts is 3.0 percent or \$2.8 million more than FY 2008 through September 2007. The Hospital Licensing Fee for FY 2008 was received in July of FY 2009 and totaled \$70.3 million or \$3.6 million more than was received in July of FY 2008 for FY 2007. Year-to-date intermediary hospital rate settlement payments were \$1.5 million lower through September 2008 over the same period in FY 2008. These payments are received irregularly throughout the year and the Department of Human Services was making an effort in FY 2008 to collect these payments at an accelerated pace. Finally, E-911 wireless and wireline surcharges collected through September of FY 2009 exceeded those posted through September of FY 2008 by \$922,619.

In the sales and services category of departmental receipts, FY 2009 year-to-date growth is -82.0 percent over FY 2008 collections of \$17.1 million through September 2007. The majority of the FY 2009 decrease in sales and service revenues is a result of the statutorily delayed posting of FY 2007 uncompensated care payments. The FY 2007 uncompensated care payment to the Eleanor Slater Hospital was \$12.9 million however these reimbursements for uncompensated care were shifted into FY 2008 in the FY 2007 Appropriations Act. The FY 2007 Appropriations Act changed the date the uncompensated care is required to be paid for FY 2007 to July 16, 2007, effectively FY 2008. The reimbursement was made on time, however, due to the statutory change in timing this payment causes year-to-date departmental revenues to appear artificially depressed. In addition, Board and Support payments from patients at the state hospitals are lower through the first quarter of FY 2009 as compared to the first quarter of FY 2008 by \$677,323.

Fines and penalties were down \$1.4 million through the first quarter of FY 2009 versus the first quarter of FY 2008. FY 2009 first quarter insurance administrative penalties are down \$496,700 over the first quarter of FY 2008. FY 2009 court receipts are down \$624,037 as compared to the same period in FY 2008.

Finally, miscellaneous departmental revenues were down \$2.0 million, or 26.4 percent, through the first quarter of FY 2009 versus the first quarter of FY 2008. The majority of this difference is due to income on investments which are down \$953,504 in FY 2009 vs. FY 2008 through September. An additional \$1.2 million less was collected in FY 2009 through September in indirect cost recoveries from the Department of Labor and Training, Energy Office grants, and insurance examination fees than was the case in FY 2008 through September.

Adjusting FY 2008 total departmental receipts for the hospital licensing fee and the uncompensated care payment and FY 2009 total departmental receipts for the hospital licensing fee and the late posting of child support enforcement collections results in an adjusted growth rate of -14.6 percent, a decrease of \$6.4 million from FY 2008 departmental receipts collected through September 2007.

Gas Tax Transfer

Annual Growth Rates	<u>Preliminary Growth Estimate</u> 2.6 %	<u>Actual YTD Growth</u> -1.0 %	<u>Base YTD Growth</u> -1.0 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$4.6 Million	<u>Actual YTD Cash</u> \$1.2 Million	

The Gas Tax Transfer is down 1.0 percent for FY 2009 through September when compared to FY 2008 for the same period. The preliminary growth rate estimate for the gas tax transfer is 2.6 percent. In both FY 2009 and FY 2008, \$0.01 per gallon of the State's \$0.30 per gallon motor fuel tax is dedicated to the general fund.

Other Miscellaneous Revenues

Annual Growth Rates	<u>Preliminary Growth Estimate</u> -89.4 %	<u>Actual YTD Growth</u> -99.7 %	<u>Base YTD Growth</u> -80.3 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$19.4 Million	<u>Actual YTD Cash</u> \$357,036	

Other Miscellaneous Revenues were down 99.7 percent in FY 2009 when compared to the same period one year ago. FY 2009 year-to-date collections total \$357,056 compared to \$125.8 million collected at this time last fiscal year. The bond proceeds from the sale of residual Tobacco Settlement payments were posted to the General Fund in August 2007 in the amount of \$124.0 million. This was a one-time receipt that does not repeat in FY 2009. The preliminary FY 2009 growth estimate for other miscellaneous revenues is -89.4 percent from preliminary FY 2008 collections. Adjusting for the one-time receipt of the residual Tobacco Settlement payment bond proceeds yields a base fiscal year-to-date growth rate of -80.3 percent.

Lottery Transfer

Annual Growth Rates	<u>Preliminary Growth Estimate</u> 3.2 %	<u>Actual YTD Growth</u> 4.2 %	<u>Base YTD Growth</u> 4.2 %
Annual Dollar Values	<u>Enacted Revenue Estimate</u> \$365.5 Million	<u>Actual YTD Cash</u> \$62.7 Million	

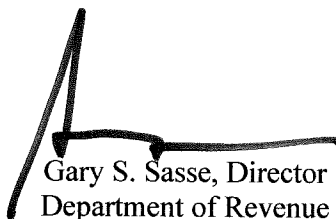
The Lottery Transfer to the general fund is up 4.2 percent, or \$2.5 million, in the FY 2009 fiscal year-to-date period compared to the same period last year. In the 2008 session, the General Assembly passed legislation that dedicated the state's share of the net terminal income from the implementation of 24 hours a day/three days a week (i.e., weekends and holidays) at Twin River to the Permanent School Fund. Through the first quarter of FY 2009, this has resulted in \$2.4 million being transferred to the Permanent School Fund.

The Division of Lottery reports the following information on the components of the lottery transfer through September:

Component	FY 2008	FY 2009	Percent Difference	Preliminary Growth Estimate
Combined Games	\$10,846,039	\$9,444,197	-12.9 %	5.1 %
Video Lottery*	\$49,840,830	\$50,161,597	0.6 %	2.8 %
Total	\$60,686,869	\$59,605,794	-1.8 %	3.2 %
* Excludes transfer to the Permanent School Fund.				

In the first quarter of FY 2009, the video lottery NTI grew 3.7 percent versus the same period in FY 2008. This exceeds the preliminary growth rate of 2.3 percent over FY 2008. The FY 2009 transfer to the general fund from the video lottery terminals is up 0.6 percent through September when compared to the same period in FY 2008. This rate of growth trails the preliminary growth rate estimate of 2.8 percent over preliminary FY 2008 VLT revenues.

The transfer to the State general fund from instant ticket and monitor games is down 12.9 percent for the first quarter of FY 2009 versus the same period last year. The FY 2009 growth rate estimate for instant and monitor games is 5.1 percent over preliminary FY 2008.



Gary S. Sasse, Director
Department of Revenue

October 8, 2008

Addendum

In an effort to give a complete picture of the State of Rhode Island's revenues on a month-by-month basis, this report also includes the tables for fiscal year-to-date for July and August 2008. The layout of these tables is identical to that of the fiscal year-to-date September table which this report describes in detail.

STATE OF RHODE ISLAND
Year To Date Revenues

13

	FY 2008 September	FY 2009 September	Change	Preliminary Estimate
<u>Personal Income Tax</u>	256,140,915	245,262,142	-4.2%	4.7%
<u>General Business Taxes</u>				
Business Corporations	14,084,407	15,854,813	12.6%	6.3%
Public Utilities Gross Earnings	822,303	5,020,694	510.6%	0.6%
Financial Institutions	18,053	49,035	171.6%	-39.9%
Insurance Companies	590,407	(1,607,693)	-372.3%	14.5%
Bank Deposits	2,022	500	-75.3%	-0.6%
Health Care Provider Assessment	13,553,723	12,015,556	-11.3%	-11.1%
<u>Excise Taxes</u>				
Sales and Use	234,281,710	229,567,511	-2.0%	2.1%
Motor Vehicle	6,988,681	6,650,245	-4.8%	-6.1%
Motor Fuel	277,744	208,468	-24.9%	21.0%
Cigarettes	30,575,695	31,711,959	3.7%	-0.2%
Alcohol	2,830,245	2,918,421	3.1%	-0.4%
Controlled Substances	-	-	-	-
<u>Other Taxes</u>				
Inheritance and Gift	7,237,420	7,078,580	-2.2%	7.5%
Racing and Athletics	713,979	649,624	-9.0%	-7.6%
Realty Transfer	3,129,142	2,541,102	-18.8%	6.6%
Total Taxes	\$ 571,246,446	\$ 557,920,957	-2.3%	3.2%
<u>Departmental Receipts</u>				
Licenses and Fees	94,070,973	96,864,782	3.0%	
Fines and Penalties	4,744,763	3,294,700	-30.6%	
Sales and Services	17,148,954	3,081,863	-82.0%	
Miscellaneous	7,530,535	5,545,340	-26.4%	
Total Departmental Receipts	\$ 123,495,225	\$ 108,786,685	-11.9%	-1.3%
Taxes and Departmentals	\$ 694,741,671	\$ 666,707,642	-4.0%	2.7%
<u>Other General Revenue Sources</u>				
Gas Tax Transfer	1,212,433	1,200,006	-1.0%	2.6%
Other Miscellaneous Revenues	125,810,786	357,036	-99.7%	-89.4%
Lottery Transfer	60,200,000	62,700,000	4.2%	3.2%
Unclaimed Property	-	-	-	-40.2%
Total Other Sources	\$ 187,223,219	\$ 64,257,042	-65.7%	-28.4%
Total General Revenues	\$ 881,964,890	\$ 730,964,684	-17.1%	-2.4%

STATE OF RHODE ISLAND
Year To Date Revenues

14

	FY 2008 August	FY 2009 August	Change	Enacted Estimate
<u>Personal Income Tax</u>	139,614,553	137,795,925	-1.3%	5.2%
<u>General Business Taxes</u>				
Business Corporations	1,944,852	2,044,387	5.1%	2.9%
Public Utilities Gross Earnings	704,716	1,402,945	99.1%	2.8%
Financial Institutions	4,173	17,300	314.6%	-8.3%
Insurance Companies	187,604	199,604	6.4%	22.6%
Bank Deposits	2,022	500	-75.3%	0.0%
Health Care Provider Assessment	9,385,739	7,486,000	-20.2%	-6.8%
<u>Excise Taxes</u>				
Sales and Use	158,268,995	154,669,718	-2.3%	1.1%
Motor Vehicle	3,850,074	3,773,749	-2.0%	1.0%
Motor Fuel	259,811	142,407	-45.2%	-7.0%
Cigarettes	22,635,576	20,526,890	-9.3%	-3.0%
Alcohol	1,856,038	2,107,301	13.5%	1.8%
Controlled Substances	-	-	-	-
<u>Other Taxes</u>				
Inheritance and Gift	3,550,609	3,652,125	2.9%	0.0%
Racing and Athletics	500,528	463,096	-7.5%	-7.1%
Realty Transfer	2,156,844	1,798,029	-16.6%	0.0%
Total Taxes	\$ 344,922,134	\$ 336,079,976	-2.6%	3.2%
<u>Departmental Receipts</u>				
Licenses and Fees	84,570,509	87,628,543	3.6%	
Fines and Penalties	2,766,707	1,733,415	-37.3%	
Sales and Services	15,884,154	1,752,705	-89.0%	
Miscellaneous	3,710,151	3,737,875	0.7%	
Total Departmental Receipts	\$ 106,931,521	\$ 94,852,538	-11.3%	-2.8%
Taxes and Departmentals	\$ 451,853,655	\$ 430,932,514	-4.6%	2.4%
<u>Other General Revenue Sources</u>				
Gas Tax Transfer	813,606	790,723	-2.8%	2.1%
Other Miscellaneous Revenues	124,095,500	296,203	-99.8%	-89.3%
Lottery Transfer	29,000,000	28,800,000	-0.7%	2.4%
Unclaimed Property	-	-	-	-40.6%
Total Other Sources	\$ 153,909,106	\$ 29,886,926	-80.6%	-28.5%
Total General Revenues	\$ 605,762,761	\$ 460,819,440	-23.9%	-2.6%

STATE OF RHODE ISLAND
Year To Date Revenues

15

	FY 2008	FY 2009	Change	Enacted Estimate
	July	July		
<u>Personal Income Tax</u>	64,364,105	66,880,382	3.9%	5.2%
<u>General Business Taxes</u>				
Business Corporations	3,577,748	3,823,563	6.9%	2.9%
Franchise				
Public Utilities Gross Earnings	371,639	772,990	108.0%	2.8%
Financial Institutions	4,173	17,300	314.6%	-8.3%
Insurance Companies	135,361	140,991	4.2%	22.6%
Bank Deposits	3,037	-	-	0.0%
Health Care Provider Assessment	3,576,685	3,951,086	10.5%	-6.8%
<u>Excise Taxes</u>				
Sales and Use	79,840,155	78,639,824	-1.5%	1.1%
Motor Vehicle	974,445	1,314,345	34.9%	1.0%
Motor Fuel	47,097	15,818	-66.4%	-7.0%
Cigarettes	11,196,415	11,103,647	-0.8%	-3.0%
Alcohol	952,670	1,222,743	28.3%	1.8%
Controlled Substances	-	-	-	-
<u>Other Taxes</u>				
Inheritance and Gift	1,875,392	2,174,677	16.0%	0.0%
Racing and Athletics	225,969	252,121	11.6%	-7.1%
Realty Transfer	1,126,930	888,744	-21.1%	0.0%
Total Taxes	\$ 168,271,821	\$ 171,198,231	1.7%	3.2%
<u>Departmental Receipts</u>				
Licenses and Fees	74,850,891	79,181,128	5.8%	
Fines and Penalties	73,893	113,746	53.9%	
Sales and Services	800,226	702,377	-12.2%	
Miscellaneous	1,341,639	1,180,026	-12.0%	
Total Departmental Receipts	\$ 77,066,649	\$ 81,177,277	5.3%	-2.8%
Taxes and Departmentals	\$ 245,338,470	\$ 252,375,508	2.9%	2.4%
<u>Other General Revenue Sources</u>				
Gas Tax Transfer	399,547	370,506	-7.3%	2.1%
Other Miscellaneous Revenues	68,186	150,708	121.0%	-89.3%
Lottery Transfer	-	-	-	2.4%
Unclaimed Property	-	-	-	-40.6%
Total Other Sources	\$ 467,733	\$ 521,214	11.4%	-28.5%
Total General Revenues	\$ 245,806,203	\$ 252,896,722	2.9%	-2.6%